



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

February 23, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe
Auditor-Controller

A handwritten signature in cursive script, appearing to read "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **COMMON GROUND THE WESTSIDE HIV COMMUNITY CENTER
CONTRACT REVIEW – A DEPARTMENT OF PUBLIC HEALTH
HIV/AIDS CARE AND PREVENTION SERVICES PROVIDER**

We completed a fiscal review of Common Ground The Westside HIV Community Center (Common Ground or Agency), a Department of Public Health (DPH) HIV/AIDS care and prevention services provider.

Background

DPH's Office of AIDS Programs and Policy (OAPP) contracts with Common Ground to provide HIV/AIDS case management, treatment adherence, mental health, service provider network and health education risk reduction outreach services. Common Ground is located in the Fourth District.

At the time of our review, Common Ground had five cost reimbursement contracts with OAPP. The County paid Common Ground approximately \$526,000 for the period July 2006 to December 2007. The contracts required the Agency to comply with the Ryan White Comprehensive AIDS Resource Emergency Act (CARE Act) and other federal and State program requirements.

Purpose/Methodology

The purpose of our review was to ensure that Common Ground appropriately spent funds in accordance with the County contract. We also evaluated the adequacy of

Common Ground's accounting records, internal controls and compliance with the contract and applicable federal and State fiscal guidelines governing the CARE Act. In addition, we determined whether the Agency provided services to eligible participants.

Results of Review

Overall, Common Ground maintained documentation to support services provided to eligible participants as required by the County contract. The Agency also appropriately recorded and deposited cash receipts timely in the Agency's bank account and maintained updated personnel files for their staff. However, Common Ground did not require their staff to report the actual hours worked on the OAPP program on their timecards. The Agency's payroll expenditures were based on estimated hours.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Common Ground on September 9, 2008. In their attached response, the Agency agreed with our findings and recommendations and indicated the actions they have taken to implement the recommendations. We also notified OAPP of the results of our review.

We thank Common Ground personnel for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0307.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, Director, Department of Public Health
Sharon Chamberlain, Executive Director, Common Ground The Westside
Public Information Office
Audit Committee

**HIV/AIDS CARE AND PREVENTION SERVICES
COMMON GROUND THE WESTSIDE HIV COMMUNITY CENTER
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether Common Ground The Westside HIV Community Center (Common Ground or Agency) provided services to individuals that meet the eligibility requirements of the Office of AIDS Programs and Policy (OAPP).

Verification

We reviewed the case files for 20 program participants that received services from July 2006 to December 2007 for documentation to confirm the participants' eligibility for OAPP services.

Results

Common Ground maintained appropriate documentation to support the participants' eligibility to receive program services.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's January 2008 bank reconciliation.

Results

Common Ground appropriately recorded and deposited cash receipts timely to the Agency's bank account.

Recommendation

There are no recommendations for this section.

EXPENDITURES

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed to the program.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed supporting documentation for a sample of 26 non-payroll expenditure transactions charged to OAPP from January to December 2007, totaling \$24,815.

Results

Overall, the expenditures reviewed were appropriate and allowable. However, Common Ground needs to improve their controls over gift cards and food incentives provided. Specifically, Common Ground did not require signatures from program participants upon receipt of a gift card or food incentive on their distribution log.

Recommendation

1. Common Ground management require signatures from program participants upon receipt of gift cards and food incentives.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether the Agency's fixed assets and equipment purchases made with OAPP funds are used for the OAPP program and are safeguarded.

We did not perform testwork in this area as the Agency did not purchase fixed assets with OAPP funds.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures for five program employees totaling \$6,833 and employee benefits totaling \$1,412 from June to December 2007 to the Agency's payroll records and time reports. We also reviewed five personnel files.

Results

Generally, Common Ground maintained the required records in the employees' personnel files. However, Common Ground charged OAPP for payroll expenditures based on estimated percentages not actual time spent performing OAPP related activities as required by the County contract. In addition, for one employee, the vacation time used was not recorded on the Agency's payroll register.

Recommendations

Common Ground management ensure:

- 2. Payroll billings are based on actual hours worked on OAPP related activities.**
- 3. Employees' time records account for the total work time on a daily basis by program.**
- 4. Employee variance time is appropriately recorded.**

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate indirect expenditures.

Verification

We reviewed a sample of expenditures incurred by the Agency from January 2007 to December 2007 to ensure that shared expenditures were properly allocated to the OAPP program.

Results

Common Ground appropriately allocated indirect expenditures using an equitable method. However, Common Ground did not have a written Cost Allocation Plan as required by the County contract.

Recommendation

5. Common Ground management prepare a written Cost Allocation Plan as required by the County contract.



Board Members

Heather Edney
President

Kelly Bruce
Vice President

Jeff Goodman
Secretary

Justin Meek
Treasurer

Emily Gold

Roxanne Hill, MA

Daria Ibn-Lamas

David Kanouse, PhD

Wendy Watanabe
Acting Auditor-Controller
Countywide Contract Monitoring Division
LA County Department of Auditor-Controller
1000 S. Fremont Ave., Unit #51
Alhambra, Ca 91803

Dear Ms. Watanabe,

Upon completion of your agency's review of our FY 2007-2008 HIV/AIDS Care and Prevention Services, provided under contracts granted by the Office of AIDS Programs and Policy Division of the Los Angeles County Public Health Department, please be advised that we concur with the findings outlined below and in response to them, the following corrective measures have been implemented:

Board of Advisors

Sergeant Stacy A. Alexeief
L.A. County Sheriff's Department

Bisher Akil, MD

Barbara Bishop
Barbara Bishop Public Relations

The Honorable Yvonne B. Burke
L.A. County Supervisor, Second District

Shelley Brown
Prudential California Realty

Rev. Kathryn P. Denise, PhD
Holy Faith Episcopal Church

Lisa Gaynor

Alicia Lara
United Way of Greater Los Angeles

Stephen Simon
HIVS Coordinator, City of Los Angeles

John Stenzel
Salus Health Group

Matthew Torrington, MD

Jonathan Weedman
Wells Fargo Bank

Maurix Weiner

The Honorable Zev Yaroslavsky
L.A. County Supervisor, Third District

Executive Director
Sharon Chamberlain

EXPENDITURES

Recommendation

1. Common Ground management require signatures from program participants upon receipt of gift cards and food incentives.

Corrective Action:

Common Ground has re-designed its gift cards and food incentives log forms to include the recipient's signature. This form will begin to be used immediately by staff that distributes the above incentives.

Recommendations

Common Ground management ensure:

2. Payroll billings are based on actual hours worked on OAPP related activities.

Corrective Action:

Common Ground will ensure that payroll billings are based on actual hours of work on OAPP related activities by employee. The payroll department will review, on a pay date basis, the total number of hours charged to specific funding sources to ensure accuracy.

3. Employees' time records account for the total work time on a daily basis by program.

Corrective Action:

Effective immediately, Common Ground employees be required to fill out a re-

October 22, 2008
Page 2

designed time card that allows for the breakdown of the total number of hours worked on specific OAPP contracts and other funding sources on a daily basis.

4. Employee variance time used is appropriately recorded and reduced from employees' benefit balances.

Corrective Action:

Effective immediately, Common Ground will ensure that benefit time used by employees is accurately recorded on our payroll journals thus reducing the employee's benefit time balances appropriately.

Recommendation

5. Common Ground management prepares a Cost Allocation Plan.

Corrective Action:

Common Ground will revise our current Cost Allocation Plan to ensure it meets the County's requirements.

Should you have any questions, or require additional information, please contact me at (310) 314-5491, or via email at etalavera@commongroundwestside.org.

Thank you,



Efrain Talavera
Director of Finance.